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## The reception of Lujo Brentano's thought in Britain, 1870-1910

James Thompson

Who now reads Brentano? If the question refers to Clemens, Bettina or especially Franz, then the answer might be many. Unfortunately, the subject of this paper is Ludwig Joseph Brentano (1844-1931), who is now occasionally cited, but hardly ever read. In the late nineteenth century, however, Lujo Brentano was regarded as amongst the most important of German economists, and was rather more read than many of his more illustrious compatriots. Brentano wrote widely on topics as diverse as social security systems, the theory of value and the relationship between prosperity and declining fertility. He was a rampant Anglophile and an active polemicist who participated vigorously in the debates in Britain about trade unions in the 1870s and tariff reform in the 1900s. His academic career extended from publishing his dissertation in 1867 to defending Germany's record in paying reparations after the Great War.<sup>1</sup> It is, though, as an historian of, and commentator upon, industrial relations that Brentano is best-known today, and for which he was most celebrated then, both in Germany and in Britain. This paper is concerned with the reception of Brentano's work in Britain, and especially with the impact of his views about the past and the present of trade unionism. In the absence of much writing on Brentano, it is worth starting with an account of his ideas, particularly as they were presented to an Anglophone audience.

The best and indeed the only book about Brentano was published by James J. Sheehan in 1966.<sup>2</sup> *The career of Lujo Brentano: a study of liberalism and social reform in imperial Germany* began life as a doctoral dissertation and inaugurated a distinguished career as an historian of Germany. Brevity was amongst its many virtues. Sheehan skilfully negotiated seventy years of a busy life in just over 200 pages of text. It is hence no comment upon the book that forty years on, more remains to be said about the character of Brentano's thought.<sup>3</sup> Relatively little of

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<sup>1</sup>L. Brentano, *Über J. H. von Thunens naturgemäses Lohn-und Zinsfuss im isolierten Staate* (Göttingen, 1867) ; idem, *Germany's payments under the Treaty of Versailles* (London, 1923), BLPES Pamphlet Collection

<sup>2</sup>J. J. Sheehan, *The career of Lujo Brentano: a study of liberalism and social reform in imperial Germany* (London, 1966)

<sup>3</sup> For more recent essays on Brentano, see E. P. Hennock, 'Lessons from England: Lujo Brentano on British trade unionism', *German History*, 11 (1993), 141-60, and L. Goldman, 'Civil society in Britain and Germany: J. M. Ludlow, Lujo Brentano and the labour question' in J. Harris, *Civil society in British history: ideas, identities, institutions* (Oxford, 2003), 97-113.

Brentano's copious output was translated in his lifetime or since, and English-speaking readers displayed a negligible acquaintance with those works published only in German. Attention will thus be concentrated upon the writings that were translated. Mention will be made of those were not in the rare instances where these were of concern to British readers. It was primarily Brentano's work upon trade unions and their history which appeared in English. *On the history and development of gilds and the origin of trade-unions* appeared both separately and as an introduction to Toulmin Smith's *English gilds* in 1870.<sup>4</sup> Brentano published his major study of contemporary trade unionism, *Die Arbeitergilden der Gegenwart* shortly afterwards in 1871-72.<sup>5</sup> A popular condensed version of this was issued in German in 1876 and translated into English by the American Porter Sherman in 1891.<sup>6</sup> The last book by Brentano to be translated was a study of *Hours and wages in relation to production* released in 1894.<sup>7</sup> Very few of Brentano's legion of articles made into English, but of those that did, most were tracts in favour of free trade, published under the auspices of the Cobden Club.<sup>8</sup> At least one of his methodological essays appeared in English and others were noticed in Britain, usually through French translations.<sup>9</sup> The most influential of Brentano's work was unquestionably the *History of gilds*, which profoundly affected both his own study of *The labour guilds of to-day* and the reaction to his views in Britain.

*On the history and development of gilds and the origin of trade-unions* was one of the first historical studies of the development of industrial combinations. The existing literature on the history of gilds or the origin of trade unions was very slender.<sup>10</sup> Brentano's study was a curious combination of stage theory, economic determinism and Whiggish celebration of English political precocity. The last of these was crucial to the reception of Brentano's work. In the Notes he was careful to state his 'wish to declare most emphatically that I consider England the birthplace of

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<sup>4</sup>L. Brentano, *On the history and development of gilds and the origin of trade-unions* (London, 1870) and as an introduction in Toulmin Smith ed., *English gilds* (London, 1870)

<sup>5</sup>L. Brentano, *Die Arbeitergilden der Gegenwart* (2 vols., Leipzig, 1871-2)

<sup>6</sup>L. Brentano, *Das arbeitsverhältniss gemäss dem heutigen recht* (Leipzig, 1876), trans. Porter Sherman, *The relation of labor to the law of to-day* (New York, 1891)

<sup>7</sup>L. Brentano, *Hours and wages in relation to production* (London, 1894)

<sup>8</sup>L. Brentano, *Professor Brentano on the German corn duties : a summary* (London, 1911) ; *idem*, *Political economy and fiscal policy* (London, 1910). Both in BLPES Pamphlet Collection

<sup>9</sup>L. Brentano, 'The "Last Word" on Political Economy, *Universal Review*, 2, (1888), 339-57 ; *idem*, 'Une leçon sur l'économie politique classique', *Revue d'Economie Politique*, 3 (1889), 1-22

<sup>10</sup> The history of trade unionism was especially limited. See Comte de Paris, *The Trade unions of England* (London, 1867)

Gilds'.<sup>11</sup> This occasioned some awkwardness since Brentano derived gilds from the extended family and this might seem to imply that their origin lay in the very distant past. Gilds, for Brentano, emerged 'as wants arise which the family can no longer satisfy ... in so far as the State does not do it'.<sup>12</sup> The advent of new desires followed from the 'increase of the number of relatives, and with the rise of special interests among the individual relatives.'<sup>13</sup> In emphasising the English origin of the gild, Brentano had to make the unusual claim that Anglo-Saxon society had not experienced the growth necessary for the emergence of gilds.<sup>14</sup> He did, however, find the background to the English gilds in the feasts of the German tribes in Scandinavia, rather than adopt the common alternative lineage which derived the gilds from the Roman *collegium*.<sup>15</sup> His emphasis upon the Teutonic inheritance resonated with popular whiggish narratives of England's constitutional development, which frequently eulogised the primitive democracy of the Germanic tribes.<sup>16</sup> It was not coincidence that one of the most important popularisers of Brentano's account was the Whig historian J. R. Green.<sup>17</sup> *On the history and development of gilds* ended with a rousing peroration on the theme of English political innovation, in which Brentano assured his readers that 'the English, among whom the old Gilds probably originated, have in this new movement *again* [my emphasis] preceded all other nations'.<sup>18</sup>

What is striking, however, about Brentano's history is the manner in which Whiggism about the English past was married to an emphasis on class conflict, and a strong dose of economic determinism. The popular interpretation of Brentano's story about the origin of trade-unions discerned a clear continuity between the mediaeval gild and the modern trade union.<sup>19</sup> Whiggish emphasis upon continuity was *not*, however, the key-note of Brentano's own account. Gilds were founded upon the principle of the family and arose amongst the weak under conditions of economic disruption. Combination took different forms depending upon the stage of economic development that society had attained. Brentano's position was clear : 'Gilds had

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<sup>11</sup>L. Brentano, *On the history and development of gilds* in Toulmin Smith, *English gilds*, lvii

<sup>12</sup>*ibid.*, lxxx

<sup>13</sup>*ibid.*, lxxiv

<sup>14</sup>*ibid.*, lvii

<sup>15</sup>*ibid.*, lxxvii

<sup>16</sup>J. W. Burrow, *A liberal descent : Victorian historians and the English past* (Cambridge, 1981), 155-93

<sup>17</sup>J. R. Green, *A short history of the English people* (2nd ed., London, 1888)

<sup>18</sup>L. Brentano, *On the history and development of gilds* in Toulmin Smith, *English gilds*, cxviii

<sup>19</sup>This is very apparent in G. Howell, *Conflicts of capital and labour* (London, 1878)

their origin in the family. Most certainly, none were developed from an earlier religious union : as little as were ... any Trades-Unions from a Craft-Gild'.<sup>20</sup> This point is important, for Brentano has been portrayed as the naive advocate of an extreme continuity thesis. The Webbs, however, recognised in their *History of Trade Unionism* that 'it is only fair to say that in ... the ablest study of English Trade Union history down to that time, Dr Brentano lent no support to the popular idea of any actual descent of the Trade Unions from the gilds.'<sup>21</sup>

Brentano based his argument upon a typology of the various modes of production.<sup>22</sup> His account of development involved four stages. In early society the family was the basic form of social organisation. As the population grew and the division of labour proceeded, gilds emerged as the main form of economic organisation, mediating between the private world of the family and the public realm of the state. The battle between the merchant and the craft gilds was between two different classes of capitalists, for the members of the craft gilds retained some ownership of the means of production. The arrival of the struggle between capital and labour was first apparent in those industries like the woollen which produced for the foreign market. Production on the basis of the gild was superseded by 'the cottage or home industry' in the cloth industry in England during the sixteenth century.<sup>23</sup> The battle between employers and the organised working class manifested the arrival of the factory system. This typology was implicit rather than explicit in Brentano, unlike in writers like Ashley or Unwin whose debt to Schmoller was more obvious.<sup>24</sup> Stage theory was in fact subservient to an account of development which might be termed Hegelian in its structure.

Ashley described Brentano's view of industrial relations as 'a symmetrical theory of industrial development' in which associations against the strong emerge amongst the weak, achieve power, become exclusive, and call forth successors designed to limit their power.<sup>25</sup> Brentano offered a paean to the sweep of history in

<sup>20</sup>L. Brentano, *On the history and development of gilds* in Toulmin Smith, *English gilds*, clxiv

<sup>21</sup>B & S. Webb, *History of trade unionism* (London, 1920, revised ed.), f2, 12

<sup>22</sup>L. Brentano, *On the history and development of gilds* in Toulmin Smith, *English gilds*, cx-cxi & *idem*, The "Last Word" on Political Economy, *Universal Review*, 2, (1888), 353

<sup>23</sup>L. Brentano, The "Last Word" on Political Economy, *Universal Review*, 2, (1888), 353

<sup>24</sup>W. J. Ashley, *The early history of the English woollen industry* (Oxford, 1887), 72 & G. Unwin, *Industrial organisation in the sixteenth and seventeenth centuries* (London, 1903), 10

<sup>25</sup>W. J. Ashley, *An introduction to English economic history and theory* (Oxford, 1888), 79

*The relation of labor to the law of to-day*, which originated in his 1872 study of the *Die Arbeitergilden der Gegenwart*.<sup>26</sup> He described how

...each one of these classes seems rather only to have blossomed forth and to have governed in order to realise a determinate idea in civilisation. And if at their fall this idea is for a time obscured, such an idea is never wholly lost. We find it rather after the expiration of a greater or less duration of time as the lasting possession of a greater part of humanity than before.

This view of history incorporated a role for nations as the carriers of ideas, in which Britain received special credit as the vessel in which free trade was brought to an often ungrateful world. The theory of industrial development was symmetrical not only through its repetitive structure through time, but in its applicability across space. Throughout his history of guilds, Brentano made considerable use of continental evidence on the assumption that similar events could be presumed to have occurred in England, when it had attained, invariably first, the appropriate stage of development.<sup>27</sup> His polemical concern with the relevance of the English example to German politics was both informed by and dependent upon a general developmental account.<sup>28</sup> This was apparent in both his advocacy of trade unions and his defence of free trade.

There was also, however, a further and more political theory of history behind Brentano's various and varied statements. It was most apparent to English readers in *The relation of labor to the law of to-day*. Brentano announced early in the book that three principles had 'sought to govern the economic life of nations ... authority, individualism, socialism.'<sup>29</sup> He argued that all societies required the operation of all three principles, though in varying proportions. The Elizabethan period in England saw the dominance of authority, the age of Adam Smith that of individualism. In the last years of the nineteenth century, socialism was on the advance, especially, and worryingly, in Germany. Brentano's own liberalism was unmistakable in his declaration that 'there can be no doubt of the fact, that the necessary key note of our age, as of every epoch of great progress, is individualism...'.<sup>30</sup> He noted that 'it is

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<sup>26</sup>L. Brentano, trans. Porter Sherman, *The relation of labor to the law of to-day* (New York, 1891), 273

<sup>27</sup>L. Brentano, *On the history and development of guilds* in Toulmin Smith, *English guilds, passim*

<sup>28</sup>For examples, L. Brentano, *Die Arbeitergilden der Gegenwart* (2 vols., Leipzig, 1871-2)

<sup>29</sup>L. Brentano, trans. Porter Sherman, *The relation of labor to the law of to-day* (New York, 1891), 13

<sup>30</sup>*ibid.*, 17-8

indisputably correct that the middle class in a modest condition of life can develop the deepest life of the affections and family happiness', but agreed with Schmoller's view that 'those material conditions ... are found materially above the level of ... the factory laborers and farm laborers of to-day.'<sup>31</sup> It was in *The relation to labor* that Brentano offered the clearest statement of his pluralism.<sup>32</sup>

As to the future, what would be the result of the exclusive authority of one of the principles named ? Were such a case at all possible, the sway of authority, in the most favourable circumstances, with perhaps greater justice, would bring the death of liberty, and with this an eternal standstill ; individualism, with perhaps higher education of the few, would bring frightful misery of the masses ; socialism, with perhaps sufficient material competency for the masses, would bring the absence of all goods that make life desirable. The material and moral welfare of the whole people, its progress to ever higher civilisation, and the ever increasing participation of all in this progress would, therefore, by the exclusive authority of any one of the three principles, be made impossible.

These principles were not steadfastly observed in Brentano's work and the various bucklings in his position induced by his polemical commitment are effectively adumbrated by Sheehan. They are, however, crucial to recall when considering the details of his empirical history. Brentano's history is central to this paper, for it was the subject of intense historiographical debate, and an important source for economists, like Marshall and Price, in their treatment of industrial bargaining.

Brentano's belief in the reality of class conflict is hugely apparent in the *History of guilds*. The disputes between the merchant and craft guilds from the thirteenth to the fifteenth centuries are succeeded by the battle between the craftsmen and the journeymen in the sixteenth and seventeenth centuries.<sup>33</sup> In the modern period from the late eighteenth century onwards, the struggle between the powerful few and the weaker many expresses itself in the clash between employers and trade-unionists.<sup>34</sup> Each of these conflicts received substantial critical scrutiny. Apparently circumscribed empirical discussion tended to involve or display views on larger

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<sup>31</sup>ibid., 283

<sup>32</sup>ibid., 18

<sup>33</sup>L. Brentano, *On the history and development of guilds* in Toulmin Smith, *English guilds*, cx-cxi, cxvii

questions of the place of class conflict in history and the relationship between the economy and the state. Brentano stated in his preface that he had ‘always taken special care to point out the analogies between the old guilds and those existing in our own days among working-men, the Trade-Unions’. He made his intentions plain in remarking that ‘I shall indeed consider it the greatest reward for all my labour spent on this work, if it contributes to set the Trades-Unions in a truer light’.<sup>35</sup> The character and existence of the link between guilds and trade unions was much contested and its political implications considerably raised the temperature of debate. It is incumbent upon the historian to make exact the nature of Brentano’s own position.

The comparison between guilds and trade unions predated Brentano’s book. In his contributions to the periodicals, the Christian socialist J. M. Ludlow, the dedicatee of *On guilds*, had advanced an analogy between friendly societies and the mediaeval craft guilds.<sup>36</sup> Brentano was aware that his contention that ‘trade unions are the successors of guilds’ was ‘far from being a new statement.’<sup>37</sup> His description of previous attempts to link unions and guilds nicely anticipates much of the discussion engendered by his own work. He noted that<sup>38</sup>

friends and enemies of these associations have repeatedly ... pointed at their connection with the old Guilds, the former to justify by this pedigree, their existence, the latter to condemn them            at once by describing them as continuations of institutions considered for long, and generally, at best as antiquated. Their enemies, by the dodge of applying to them the epithet of “long- condemned associations for the restriction of trade,” generally dispensed        with all further inquiries into the real results of their working.

Furthermore, he was engaged in explicit dialogue with the views of Ludlow. This becomes evident in a passage which merits lengthy quotation<sup>39</sup>.

Trade-Unions are no lop-sided representatives of the old Guilds [contra Ludlow];        they are complete Guilds themselves, as well as the Trade-Gild and

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<sup>34</sup>ibid., cxcv

<sup>35</sup>ibid., liv

<sup>36</sup>J. M. Ludlow, *MacMillan’s Magazine* (February & March 1861)

<sup>37</sup>L. Brentano, *On the history and development of guilds* in Toulmin Smith, *English guilds*, clxv

<sup>38</sup>ibid.



Craft-Gild. And when calling them the successors of the old Gilds, I did not mean to designate them as continuations of the Craft-Gilds, nor do I think that their descent from these now certainly antiquated societies could justify their existence. But if I succeed in proving that wherever we find in a trade the first formation of such unions among the workmen, and if ... we see them arising under the same circumstances and for the same objects as the Frith-Gilds and Craft-Gilds previously arose, that is, under the breaking-up of an old system, and among the men suffering from this disorganization, in order that they may maintain independence and order, I think that this, together with the identity of their organization with that of the Gilds, will not only justify me in calling the Trade- Unions the successors of the latter, but will justify as well the existence of the Unions, as I shall then have proved that certain features of disorganization, if unchecked by stronger restrictions, call forth necessarily in all times the same organizations into Gilds. Indeed, in our time of physical and economical law-making, one might call this a historical law.

Brentano used the analogy with guilds to legitimate many of the practices of modern trade unionism. He compared ‘the enemies of Trade-Unions’ in modern England to ‘the despotic mediaeval magnates of the Continent’.<sup>40</sup> He noted the resemblance between the rituals of the craft guilds and those of contemporary trade unionists.<sup>41</sup> The growth in amalgamations of trade-unions, ‘which are becoming more frequent in the present day’ matched that of craft-gilds in their later career.<sup>42</sup> Attempts to disguise trade unions as merely benefit societies recapitulated the pattern ‘during the whole of the Middle Ages after Charlemagne’ when ‘the Political Gilds abroad concealed themselves in like manner under cover of the religious gilds’.<sup>43</sup> He observed topically that to enforce payment of dues ‘the Craft-Gild made use of the very means so talked of in the case of the Sheffield Trade-Unions [in 1866], namely, *rattening*, that is, they took away the tools of their debtors.’<sup>44</sup> The last example was a marker of Brentano’s radicalism, for the trade union strategy before the Royal Commission of 1867, called

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<sup>39</sup>ibid., clvi-clvii

<sup>40</sup>ibid., lxxxvi

<sup>41</sup>ibid., cxxxv

<sup>42</sup>ibid., cxxxiv

<sup>43</sup>ibid., cxxxv

<sup>44</sup>ibid., cxl

in part as a response to the Sheffield Outrages, was to emphasise the exceptionalism of events in Sheffield.

The crux of the comparison between guilds and unions was, of course, the question of wages. In the *History of Guilds*, Brentano regretted ‘the fashion in our own time to represent these [mediaeval] wage-regulations as a policy contrived for the oppression of the labourer’.<sup>45</sup> One of his grounds for doing so was his characteristic relativism, for ‘these regulations ... were but the expression of the general policy of the Middle Ages, which considered that the first duty of the State was to protect the weak against the strong’. Yet revealingly Brentano went on to note that<sup>46</sup>

However much this policy must be condemned as unwise from an economical point of view, yet surely to render it suspected, as is the pharisaical wont in our days, is miserable ; for at all events its basis is more moral than ours, when we give up our workmen without protection to their employers, and they have to choose only between the conditions of their masters and the workhouse or starvation.

It is striking that Brentano’s relativism does not extend here to economic doctrine, only to morality. Brentano resolutely defended the capacity of trade unions to raise wages, but invariably sought to demonstrate, especially to his German readers, that this would not lead to any loss of national competitiveness.<sup>47</sup> He advocated trade unionism as a form of collective self-help, arguing that ‘for the labourer protection by means of coalition is much more desirable, more effective and corresponds better with the matter in hand than protection by law.’<sup>48</sup> Part of the value of combination was ‘the great importance of coalition for the education of the laborer’ and the acquisition of ‘freedom and the power of self-determination over his own person’.<sup>49</sup> This liberal view of trade unionism might be seen as radically opposed to the kind of wage-regulation instituted by the guild system. In Brentano’s case, however, it eventuated in strong support for arbitration and scales, which were only possible if workers and

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<sup>45</sup>ibid., cxlii

<sup>46</sup>ibid.

<sup>47</sup>This is the themes of L. Brentano, *Hours and wages in relation to production* (London, 1894)

<sup>48</sup>L. Brentano, trans. Porter Sherman, *The relation of labor to the law of to-day*, 197

<sup>49</sup>ibid., 198

employers were combined in associations.<sup>50</sup> G. von Schulze-Gaevernitz recognised the importance of organisation in Brentano's account of wage bargaining in asserting towards the end of *Social Peace* that<sup>51</sup>

We have been engaged ... in pointing out the errors from which the English economists might have been saved by a study of Brentano's *der Gegenwart*. Against them we must emphasise the fact that *when wages are regulated by means of a scale, they still rest upon an act of agreement, and that, consequently, the organisation of both parties is pre-supposed by the modern scales.*

The justification of unions for Brentano was closely related to the doctrine that high wages produced efficient workers. His last book to be translated into English was a study of the relationship between wages, hours and productivity, which strongly endorsed the widespread view in favour of generous remuneration.<sup>52</sup> Brentano's pupil Schulze-Gaevernitz wrote a study of the cotton industry, *Der Grossbetrieb*, which provided ammunition for high wage theorists and upon which Brentano drew heavily in his own work.<sup>53</sup> In *Hours and wages in relation to production*, Brentano provided a brief history of high wage theories and attempted to explain their existence after Smith and absence before him. Like English champions of high wages, he lay great store by 'Brassey's modern testimony, for Brassey was one of the largest contractors and employers of labor in the world.'<sup>54</sup> Brentano argued, similarly to the Webbs, that high wages led to beneficial competition between capitalists and thus stimulated technical innovation.<sup>55</sup> Improved pay also increased the standard of living of the workmen, which rendered them more efficient and limited the possibility of immiseration.<sup>56</sup> The emergence of high wage doctrines after Smith was explained as a reflection of changed economic circumstances in which contract and competition

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<sup>50</sup>ibid., 145

<sup>51</sup>G. von Schulze-Gaevernitz, *Social peace* (1893), translated by C. M. Wicksteed and edited by Graham Wallas, 230

<sup>52</sup>L. Brentano, *Hours and wages in relation to production* (London, 1894)

<sup>53</sup>G. von Schulze-Gaevernitz, *Der Grossbetrieb* (Leipzig, 1892)

<sup>54</sup>L. Brentano, *Hours and wages in relation to production*, 8-9. On high wage theories in England at this time, see R. Petridis, 'Brassey's law and the economy of high wages in nineteenth-century economics', *History of Political Economy*, 24, 4, (1996), 583-606.

<sup>55</sup>S. & B. Webb, *Industrial Democracy* Vol. 1 (London, 1897), 732-33

<sup>56</sup>L. Brentano, trans. Porter Sherman, *The relation of labor to the law of to-day*, 234

ousted status and custom.<sup>57</sup> Brentano was trained in law and the influence of Maine is detectable in his depiction of the modern world.<sup>58</sup> The ‘new conditions’ both made and remade the working class<sup>59</sup>

Once sundered from old use and wont, they too felt new needs ; and now the workmen, too,            has set his face on the modern road, and the race begins between            the growth in his requirements, which leads to increased production, and an increase in production, which in its turn leads to a growth in his requirements.

Brentano was, unsurprisingly, an early opponent of the wage-fund who in 1872 supported the refutation of the wage fund doctrine offered by Thornton. If Brentano has a claim to theoretical innovation, it is in the area of understanding the emergence of wage rates. Successive editions of Marshall’s *Principles* politely noted in the chapter on ‘Worker’s disadvantage in bargaining’ that ‘Professor Brentano was the first to call attention to several of the points discussed in this chapter.’<sup>60</sup> Brentano explained why labour had no reserve price and defended the view that labour was not a commodity. As the Marshalls put it in *Economics of industry*, ‘Brentano goes to the root of the matter when he says that what distinguishes labour from all other wares is “the absolutely indissoluble union between the labour and him who offers it for sale”’.<sup>61</sup>

Brentano offered two main criticisms of the idea of a wage-fund.<sup>62</sup> Firstly, the assumption that the amount of capital usable in production was fixed at any given time neglected the possibilities of borrowing or deferred gratification. Secondly, the theoretical premise that wages were paid out of the capital of employers was false, since it was the consumers of the produce of labour who really footed the bill. Brentano’s attack on the wage fund was predictably linked to an argument for increased remuneration which argued that ‘high wages work favorably, since like free trade, they compel capital to turn to those industries which are most favoured by the

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<sup>57</sup>L. Brentano, *Hours and wages in relation to production*, 39-40

<sup>58</sup>L. Brentano, The “Last Word” on Political Economy, *Universal Review*, 2, (1888), 351

<sup>59</sup>L. Brentano, *Hours and wages in relation to production*, 39-40

<sup>60</sup>Marshall included this comment in every edition of the *Principles* published in his lifetimes, eg A. Marshall, *Principles of Economics* (8th ed., 1920), 569.

<sup>61</sup> A. & M. Marshall, *Economics of Industry* (London, 1879), 173

<sup>62</sup>L. Brentano, trans. Porter Sherman, *The relation of labor to the law of to-day*, 212-3

natural conditions of production in the country.’<sup>63</sup> It was typical of Brentano to relate high wages to free trade. Belief in free trade was a cornerstone of his economics and a cardinal tenet of his political faith. It extended beyond opposition to protective tariffs into a thoroughly Gladstonian approach to fiscal policy. In a pamphlet published by the Cobden Club, Brentano lauded ‘Gladstone’s exceptional financial genius’ which had finally extinguished the ‘artificial’ system of protection, which was so congenial to vested interests and corruption. Gladstone’s removal of indirect taxes, except on a few mass-consumed items, was ‘the expression of a profound understanding of the nature of economics ... it was in the budget of 1860 that the principles of Adam Smith completely triumphed’.<sup>64</sup>

Brentano held Adam Smith in high repute as the author of free trade, an exponent of high wages and an eloquent defender of combinations. He shrewdly noted that the employers who cited Smith in their opposition to statutory wage regulation conveniently ignored his views when agitating for the passage of the Combination Acts.<sup>65</sup> Brentano was, nonetheless, an historical economist. He could be savage in his denunciation of classical political economy. His ire was mainly reserved, however, for Ricardo, whose theories about rent and wages were at the root of contemporary socialist fallacies as purveyed by Marx and Lassalle. In his inaugural address upon his appointment to the chair of political economy at Vienna, Brentano upheld a relativism of place which implied that ‘there is no universal economy.’<sup>66</sup> Classical political economy was condemned for its *a priori* approach and its incompatibility with the facts of economic life. He acknowledged a debt to ‘the Englishmen - Lubbock and Maine’, which was evident in his emphasis upon the power of custom.<sup>67</sup> Self-interest was seen as a construction which varied across space and time. Furthermore, classical economy related competition to self-interest, neglecting the fact that ‘self-interest will lead to unions, contracts, and coalitions instead of to competition.’<sup>68</sup> Brentano finished his address by describing his project as ‘the investigation of the concrete conditions which determine the economy of

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<sup>63</sup>ibid., 218

<sup>64</sup>L. Brentano, *Political Economy and fiscal policy* (1910, Cobden Club), 12-13

<sup>65</sup>L. Brentano, trans. Porter Sherman, *The relation of labor to the law of to-day*, 73

<sup>66</sup>L. Brentano, ‘The “Last Word” on Political Economy’, *Universal Review*, 2, (1888), 355

<sup>67</sup>ibid., 351

<sup>68</sup>ibid., 350

peoples', under which rubric he listed 'religions and customs, the State, the law, the social education of the classes, and the intellectual and material level of culture.'<sup>69</sup>

The most interesting aspect of Brentano's methodological position is his attitude to the history of economic thought. It was over the interpretation of Ricardo on wages that Marshall criticised Brentano, whereas Ashley supported him. In *Hours and wages in relation to production*, Brentano took to task 'those modern representatives of economic theory, who make the defence of the old orthodoxy their special business' for their attempt to deny that classical economists ever believed in the iron law of wages.<sup>70</sup> He argued that the meaning ascribed by contemporaries to the doctrines of the classical economists should be taken seriously. Marshall invested considerable effort in what Ashley called 'the rehabilitation of Ricardo'.<sup>71</sup> His governing principle in construing Ricardo's intentions was one of considerable charity. In Brentano's eyes, Marshall's understanding of Ricardo sought to render him as a Marshallian *avant la lettre*. Interpretation should be guided by the understanding of contemporaries and the influence exercised by doctrines in the past, rather than by a desire to reveal the seamless growth of economic knowledge.

This concludes our examination of Brentano's views. The reception of those views in Britain is the subject of the rest of this paper. It is divided into four sections. The first investigates the historiographical debate over Brentano's work. It is followed by a discussion of the career of the analogy between trade unions and guilds. The third section tackles the impact of Brentano's history upon the attempts of economists to account for the impact of trade unions. In the last section, I consider the reaction to Brentano's methodological statements, and as it emerged in debates about how to write the history of economic thought.

## II

Few books in the last third of the nineteenth century can have received so much acclaim or such strident criticism as Brentano's *History of guilds*. The reputation of Brentano's work has a clear trajectory in which decline sets in during the 1890s and proceeds rapidly thereafter. It is consequently important to recall the seriousness with

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<sup>69</sup>ibid., 356

<sup>70</sup>L. Brentano, *Hours and wages in relation to production*, 26

<sup>71</sup>W. J. Ashley, 'The rehabilitation of Ricardo', *Economic Journal*, I, (1891), 474

which Brentano was once viewed. The work on trade unions which has survived the period and achieved recognition as a classic was, of course, the Webbs's *History of trade unionism*, published in 1894. In the 1920 edition of their masterpiece, the Webbs warmly recalled the moment, 'fifty years ago, when Dr Brentano described the British Trade Union Movement with greater knowledge and insight than anyone else had then shown' in his 'brilliant study'.<sup>72</sup> Their predecessor as a chronicler of modern trade unionism, George Howell, relied greatly upon the 'exhaustive and able manner' in which Dr Brentano had treated the history of guilds in 'his learned and outspoken essay'.<sup>73</sup> In 1886, a less well-disposed commentator, W. C. Cunningham, offered a criticism of Brentano's 'otherwise excellent essay' before the Royal Historical Society.<sup>74</sup> It was, however, possible by the start of the 1890s for Maitland to note, with obvious reference to Brentano, that 'our boroughs have not been very happy in their historians ; few have been able to approach the story of their early adventures without some lamentable bias towards edificatory doctrine ...'<sup>75</sup>

The demise of *On guilds*'s status as a standard work is sometimes connected to the appearance of the Webbs's monumental history of trade unionism. In fact, the Webbs were studiously complimentary in their references to Brentano, upon whom they drew more than is generally recognised.<sup>76</sup> The work which consigned Brentano's history to academic obsolescence was the earlier two volume study of *The gild merchant* by the Harvard instructor Charles Gross.<sup>77</sup> Gross's doctorate had appeared in German in 1883 and had been seen in circulation by various devotees of the mediaeval gild, but its impact was acutely limited prior to its publication in English. Gross described Brentano as 'commonly regarded as the chief author on the general history of English guilds' and bemoaned the fact that 'most English writers servilely follow him'.<sup>78</sup> He argued that the origin of Guilds lay in the Christian past rather than the sacrificial assemblies of the pagan North, and on the continent rather than in Britain. He denied the identity of the merchant gild and the municipality proposed by Brentano and referred to the notion of 'a general struggle between the gild merchants and the craft guilds' as 'a myth for the acceptance of which Brentano is mainly

<sup>72</sup>B & S. Webb, *History of trade unionism* (London, 1920), 677

<sup>73</sup>G. Howell, *Conflicts of capital and labour* (2nd ed., London, 1890), xiii

<sup>74</sup>W. Cunningham, 'The formation and decay of the craft guilds', *Transactions of the Royal Historical Society*, III, (London, 1886), 379

<sup>75</sup>F. H. Maitland, 'Review of *The gild merchant*', *Economic Journal*, I, (1891), 220

<sup>76</sup>B & S. Webb, *History of trade unionism*, eg 12, 16, 209, 677

<sup>77</sup>Charles Gross, *The gild merchant : a contribution to British municipal history* (2 vols, Oxford, 1890)

responsible.<sup>79</sup> The picture of the urban past presented was free of social exclusion, bereft of class conflict and essentially oligarchic rather than increasingly democratic. In order to gauge the effect of Fross's work, it is necessary first to understand the process by which Brentano attained his great currency.

The early history of guilds was a subject well placed to command the attention of the Victorians. Whig history had traditionally regarded the cities as the birthplace of constitutional freedom and cultural progress.<sup>80</sup> An interest in the more antiquarian side of urban history was widespread. Numerous local societies existed devoted to the natural, archaeological and antiquarian history of regions, and especially, their cities. R. S. Ferguson, former Mayor of Carlisle, and W. Nanson produced an edition of *Some municipal records of the city of Carlisle* for the Westmoreland and Cumberland Society in 1887. They happily found in Carlisle 'the struggle which everywhere took place between the oligarchic guilds mercatory and the democratic craft guilds' and further announced their debt to Brentano with their comment that, 'the craft guilds were trades unions.'<sup>81</sup> The antiquarian John Yeats in 1873 was equally pleased to observe that 'many circumstances point indubitably to England as the origin of the guilds'.<sup>82</sup> This sentiment was extended by the historian William Hunt who, in an essay on the early royal charters of Bath, noted of English cities that 'the institutions, customs, the very character and being of such a city are English, and nothing else.'<sup>83</sup> Hunt helped produce the most striking monument to the popularity of urban studies by editing a thirteen volume series on *Historic towns* with E. A. Freeman. The series provided a more nuanced picture than had previously existed, but Hunt's own study of Bristol preserved indelible traces of Brentano's influence.<sup>84</sup>

Enthusiasm for the urban past was unmistakably Whiggish. It was thus unsurprising that Brentano's version of the history of guilds should find its place in a peculiarly Victorian genre. More esteemed Whig historians also did much to popularise his work, especially its emphasis upon the democratic triumph of the craft guilds in the fourteenth century. Cunningham noted in 1886 that Brentano's view 'has

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<sup>78</sup>ibid., 167 & f3, 109

<sup>79</sup>ibid., 109

<sup>80</sup>eg. Sir T. Erskine May, *The constitutional history of England since the accession of George III* (1861), 184

<sup>81</sup>R. S. Ferguson & W. Nanson, *Some municipal records of the city of Carlisle* (London, 1887), 24, 25

<sup>82</sup>J. Yeats, 'Guilds, and their functions', *Journal of the Society of Arts*, Jan 31, 1873, 179

<sup>83</sup>W. Hunt, 'The early charters of Bath', *The museum*, 74

<sup>84</sup>William Hunt, *Bristol* (London, 1887)



been popularised by Mr J. R. Green'.<sup>85</sup> Green's *Short history of the English people* was the most democratic and popularly successful of the great whig histories. Green celebrated the moment in the fourteenth century when 'the wealthier citizens, who found their old power broken, regained influence by enrolling themselves as members of the trade[craft]-gilds' and suggested that 'this event marks the time when the government of our towns had become more really popular than it ever again became till the Municipal Reform Act of our own days.' He clearly recognised that the members of the craft gilds retained control over the means of production in his description of their dominance as that 'of the middle classes'. He further remarked that in the fourteenth century 'there was nothing as yet to foretell the reactionary revolution by which the trade-gilds themselves became an oligarchy as narrow as that which they had deposed.'<sup>86</sup>

The germ of the gild was, for Brentano, the family.<sup>87</sup> He offered a vision of the gild which revelled in the glory of associational life and viewed it as a natural extension of the familial bond. The four stage theory of development which underlay his chronicle fitted neatly into the work of the most popular sociological writer in nineteenth century Britain. Herbert Spenser stated in volume one of the *Principles of Sociology* that 'branching of the family through generations into a number of kindred families carrying on the same occupation, produced the germ of the guild.'<sup>88</sup> To render his debt more obvious, he proceeded to quote Brentano on the relationship between the family and the gild. The gild occupied an important place in his developmental typology as a stepping stone in the gradual development from 'the household type' to 'the factory type'.<sup>89</sup> Spenser's use of these terms, and of Brentano, was peculiar, but it is symptomatic of Brentano's currency that he should feature in Spenser's account.

There is only one candidate for the award of writer Most Obviously Influenced By Brentano. George Howell stated at the start of his much read *Conflicts of capital and labour* (1878) that 'the whole of my essay has been based on Dr Brentano's essay.'<sup>90</sup> The Webbs observed that the historical portions of Howell's various works

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<sup>85</sup>W. Cunningham, 'The formation and decay of the craft gilds', 379

<sup>86</sup>J. R. Green, *A short history of the English people* (2nd ed., London, 1888), 199-201

<sup>87</sup>L. Brentano, *On the history and development of gilds* in Toulmin Smith, *English gilds*, lxxx

<sup>88</sup>H. Spenser, *Principles of Sociology* (vol I, London, 1876), 498-9

<sup>89</sup>ibid., 490

<sup>90</sup>G. Howell, *Conflicts of capital and labour* (2nd ed., London, 1890)

were a ‘close’ paraphrase of Brentano.<sup>91</sup> Howell reproduced every feature of Brentano’s account from the origin of the guilds in the family, through the battles of the craft and merchant guilds and the subsequent disputes between journeymen and craftsmen, to the derivation of the trade unions from the guilds.<sup>92</sup> In fact, Howell linked the guilds and the unions much more closely than Brentano had, and came significantly nearer to asserting continuity between the two than the latter ever had. The second edition of *Conflicts*, released in 1890, wholly retained the narrative which Brentano had established. Howell’s book featured prominently in a variety of extension courses as the standard work on contemporary trade unionism prior to the efforts of the Webbs. Where Howell and Brentano were distinguished, as by Mrs Marshall, the comparison was to Brentano’s favour.<sup>93</sup>

An effective index of Brentano’s reputation and a primary mechanism for the dissemination of his views was provided by the popular histories of the British economy used in schools and universities. Henry de Belgens Gibbins penned a number of these. Gibbins was an avowed historicist, a disciple of Toynbee, and a writer unafraid to acknowledge the influence of Cunnngham. His earliest work was *The industrial history of England* of 1890.<sup>94</sup> Gibbins counselled that ‘Mr George Howell’s *Conflicts* ... should be read as affording a clear view of the old guilds and their modern descendants, the Trades Unions...’<sup>95</sup> He faithfully reiterated the stock clichés of Brentano’s history, comparing guilds to ‘a sort of artificial family’ and confirmed their credentials by describing them as ‘very much what we understand by clubs.’<sup>96</sup> By 1896, however, in his successor study of *Industry in England*, Gibbins had distanced himself from Brentano.<sup>97</sup> He retained the comparison with the family and asserted that ‘these institutions [craft guilds] ... served many of the functions of the modern trade unions.’<sup>98</sup> However, in his treatment of the supposed struggle between craft guilds and merchant guilds, he modified his views and argued that conflict was by no means universal.<sup>99</sup> He had clearly read Gross, though his view of the relationship

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<sup>91</sup>B & S. Webb, *History of trade unionism*, fl, 13

<sup>92</sup>G. Howell, *Conflicts of capital and labour*, 25, 47

<sup>93</sup>As recounted in A. Marshall to H. S. Foxwell, May 29 1878, John K. Whittaker ed., *The correspondence of Alfred Marshall, economist. Volume 1, Climbing, 1868-90* (1998), 97

<sup>94</sup>H. de Belgens Gibbins, *The industrial history of England* (London, 1890)

<sup>95</sup>*ibid.*, 26

<sup>96</sup>*ibid.*, 27

<sup>97</sup>H. de Belgens Gibbins, *Industry in England : historical outlines* (London, 1896)

<sup>98</sup>*ibid.*, 96

<sup>99</sup>*ibid.*, 189

between the two sorts of gild owed more to the qualified reading offered earlier by Stubbs.<sup>100</sup>

George Townsend Warner's *Landmarks in English industrial history* went through six editions by the 1950s. Warner adopted Gross's account of gild history and emphasised, like Cunningham, that the power of the crown prohibited the kind of conflicts apparent on the continent.<sup>101</sup> H. O. Meredith's *Outlines of economic history of England* pursued a similar line.<sup>102</sup> The state of the debate in the early 1890s is nicely encapsulated in the relevant entries in the first edition of Palgrave's *Dictionary of Political Economy*. J. K. Ingram took his lead from Gross in his comments on 'Corporations of Arts and Trades' and denied there was any evidence of the struggle between the gilds in England. L. L. Price, though, in his account of 'Apprenticeship' continued to recommend Brentano's work and to ignore that of Gross. It was indicative, however, of the growing strength of Gross's position that he himself wrote the entry on gilds and gave characteristically short shrift to the views of his opponents.<sup>103</sup>

It would not be correct to regard this passage of intellectual history as simply a defeat for Brentano. His argument that the seventeenth century witnessed a growing struggle between the journeymen and the mastercraftsmen was taken up by Ashley and Unwin.<sup>104</sup> The analogy between craft gilds and trade unions he had done so much to consolidate survived. Present-day historians have looked with sympathy even upon his view of the relationship between merchant and craft gilds.<sup>105</sup> The most important aspect of his historiographical reception was the argument which ensued between two English historical economists, namely W. J. Ashley and W. Cunningham.

Ashley was Brentano's strongest advocate in Britain and one of the few historians to challenge Gross's account. In his introduction to English economic history and theory, Ashley did recommend Gross as the 'best work on this subject'

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<sup>100</sup>William Stubbs, *Constitutional history of England : in its origins and development* (3 vols., Oxford 1880), I, 474-5

<sup>101</sup>G. Townsend Warner, *Landmarks in English industrial history* (London, 1899), 55

<sup>102</sup>H. O. Meredith, *Outlines of the economic history of England : a study in social development* in Pitman's *Economic history of England* (London, 1903). Meredith preserved traces of Brentano, however, in his view, borrowed from Ashley, that the seventeenth century witnessed sharp conflict between journeymen and master craftsmen.

<sup>103</sup>R. H. Inglis Palgrave, *Dictionary of political economy* (3 vols., London, 1894-9) : Ingram, vol. 1, 428-432 ; Price, I, 45-6 ; Gross, I, 209-13

<sup>104</sup>W. Ashley, *Surveys : historic and economic* (London, 1900), 249-62 ; Unwin, *Economic organisation*

<sup>105</sup>See special issue, *International review of social history* 39 (1994), 1-52

and noted that Brentano's work on guilds 'exaggerated both their independence and their economic importance'.<sup>106</sup> He was prepared, however, to point out the over-colouring present in Gross's work, to suggest that craft guilds did have a real measure of autonomy, and to argue that their struggle with the merchant guilds was not solely a figment of Dr Brentano's fevered imagination.<sup>107</sup> Ashley's first book on the woollen trade devoted much time to showing that class conflict was evident in the more advanced industries.<sup>108</sup> Ashley was, unlike Cunningham, predisposed towards the discovery of class conflict in the past. Cunningham did not detect such conflict, regarded the trade guild as an importation from abroad, and contended that royal power was more significant than local autonomy in explaining the history of guilds.<sup>109</sup>

The fundamental divide concerned the relationship between politics and economics. This expressed itself in a difference over the relevance of developments outside of England. Maitland's appreciative review of Gross charged Brentano with a heinous crime: 'he has read foreign history into English history.'<sup>110</sup> Cunningham also argued that 'Dr Brentano has been misled by ... the analogy with the German and Flemish towns'.<sup>111</sup> Ashley in contrast announced that '... a comparison of English experience with that of the other countries of western Europe will probably show that in the general course of social history there are certain features in common with them all' and placed the burden of proof on those who would deny the significance of continental events.<sup>112</sup> Underlying this disagreement were significantly distinct views of economic history. Ashley believed that all industrial societies passed through the four stage development we saw earlier in Brentano's work.<sup>113</sup> His approach related economic progress to the evolution of society. He criticised Cunningham for lacking any notion of evolution.<sup>114</sup> Cunningham's approach was far more political and centred on the state.<sup>115</sup> His suggestions for explanations as to the origin of guilds in England, or the rate of wages in the later fourteenth century, invariably referred to political

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<sup>106</sup>W. J. Ashley, *An introduction to English economic history and theory*, 65-6

<sup>107</sup>*ibid.*, 84-5

<sup>108</sup>W. Ashley, *The early history of the English woollen industry*, eg. 56

<sup>109</sup>W. Cunningham, 'The formation and decay of the craft guilds', 373-7

<sup>110</sup>F. H. Maitland, 'Review of *The gild merchant*', 223

<sup>111</sup>W. Cunningham, 'The formation and decay of the craft guilds', 380-1

<sup>112</sup>W. Ashley, 'Cunningham's growth of English industry', *Political Science Quarterly*, vi, (1891), 161

<sup>113</sup>W. Ashley, *The early history of the English woollen industry*, 72

<sup>114</sup>W. Ashley, 'Cunningham's growth of English industry', 161

<sup>115</sup>S. Collini, D. Winch & J. Burrow, *That noble science of politics: a study in nineteenth-century intellectual history* (Cambridge, 1983), 261

events or the actions of the state.<sup>116</sup> It is unsurprising that Ashley's politics retained a progressive tinge absent from the ever more authoritarian Cunningham. Their political differences will emerge again in the next section on the history of the analogy between guilds and unions.

### III

The comparison between guilds and trade unions was advanced by Brentano as a means of legitimating the latter.<sup>117</sup> Both were examples of the combination amongst the weak which invariably resulted from the experience of economic disruption. Brentano was perfectly aware that mediaeval guilds were associations of small capitalists not combinations of the working class. He explicitly stated that the modern labour question arose as workmen without capital were confronted by employers who were not also workmen.<sup>118</sup> It was the existence of class antagonism between unionised workers and capitalist employers which rendered obsolete the incorporation of both along the lines of the mediaeval guild. J. M. Ludlow favoured this option, but received his answer in Brentano's affirmation that trade unions were 'true' not 'lop-sided' guilds.<sup>119</sup> Coalitions of the weak in times of economic adversity were justified as a necessary means of self-preservation. Their recurrence throughout history provided a defence in itself, as evidence of their naturalness. Unjust laws created by the few who held power exacerbated economic dislocation to the advantage of the powerful.<sup>120</sup> They often provided the spur for combination. The emphasis upon the intimate connection between the family and the guild in Brentano served further to naturalise combination. Trade unions were for Brentano an invaluable means of staving off socialism and extending the reign of individualism. His history of chartism in Britain was designed to demonstrate that it had posed a greater threat than socialism did in Germany and that trade unions were the key to uniting the two nations of rich and poor in a shared crusade for liberal reform.<sup>121</sup>

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<sup>116</sup>W. Cunningham, 'The guild merchant in England', *Quarterly Journal of Economics*, v, 1891, 351

<sup>117</sup>L. Brentano, *The relation of labor to the law of to-day* trans by Porter Sherman (New York & London, 1891), *passim*

<sup>118</sup>*ibid.*, 26

<sup>119</sup>L. Brentano, *On the history and development of guilds* in Toulmin Smith, *English guilds*, clvi-clvii

<sup>120</sup>L. Brentano, *The relation of labor to the law of to-day* trans. by Porter Sherman (New York & London, 1891), 90

<sup>121</sup>L. Brentano, *Die Englische chartisten bewegung* cited in G. von Schulze-Gaevernitz, *Social peace*, 53

Brentano was not especially forthcoming about the future of trade unionism. He did not anticipate that the entire working population would prove capable of unionisation. There would always be some unable to organise themselves, who would require statutory protection.<sup>122</sup> It might be asked whether trade unionism was the last example of the coalition of the weak, or if it would be succeeded by a still broader combination. There is no evidence that Brentano expected unions to be superseded in this way and his belief in the necessity of individualism and inequality for progress ruled out more drastic solutions.<sup>123</sup> Brentano regarded association as an extension of enlightened self-interest fully compatible with belief in free trade. This view was typical of Radical thinking in Britain, as was Brentano's emphasis upon the provocation to combination provided by class law.<sup>124</sup> In Brentano's hands, the comparison between guilds and unions was thus not a nostalgic yearning for increased state regulation or the end of free trade. Arbitration for Brentano was intended to anticipate the deal that would result from an industrial dispute and so to render conflict unnecessary.<sup>125</sup>

British commentators held a wide and complex range of views on the analogy between guilds and unions. The most straightforward exponent of the Brentano line was Howell, who shared the German's enthusiasm for the old unionism of the Junta. Howell and Brentano relied on many of the same sources for their view of contemporary unionism, and both tended, as the later did the Webbs, to generalise overconfidently from the centralised model of the Amalgamated Society of Engineers. Howell was to become an embittered opponent of the new unionism whose views did not seem out of place next to those of Herbert Spenser.<sup>126</sup> Brentano, however, remained obsessed with the example of British unionism in the late 1860s and alternately hopeful and despairing about the prospect of its emergence in Germany. This preoccupation did not permit much recognition of the new unionism of the 1890s. Critics of Schulze-Gaevernitz's *Social Peace* argued that the new unionism rendered it obsolete, but Schulze-Gaevernitz denied that so-called new unionism marked a departure from previous practices. Modern historians would echo his views

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<sup>122</sup>L. Brentano, *The relation of labor to the law of to-day*, 53

<sup>123</sup>*ibid.*, 303-4

<sup>124</sup>E. F. Biagini & A. J. Reid ed., *Currents of radicalism : popular radicalism, organised labour and party politics in Britain, 1850-1914* (Cambridge, 1991)

<sup>125</sup>L. Brentano, *The relation of labor to the law of to-day*, 155-7

<sup>126</sup>T. Mackay ed., *A plea for liberty : an argument against socialism and socialistic legislation* (London, 1891)

and so, it might be speculated, would have Brentano. The hostility of Howell to contemporary developments in trade unionism certainly earned him a sharp rebuke from Brentano's close friend J. M. Ludlow.<sup>127</sup> It remains the case, however, that it was Howell who most clearly adopted Brentano's account of the relationship between guilds and unions.

A number of other responses to Brentano's portrait of the relationship can be detected in the period. Many accepted the analogy, but drew differing conclusions about its meaning. In discussing Gross's book, the *Westminster Review* observed that guilds had declined when they sought to legislate for those who were not members. It urged that 'our modern trades unions must beware of falling into this error'.<sup>128</sup> The belief that democratic guilds had degenerated into restrictive oligarchies was often taken as a warning to trade unions. It was, however, possible to accept the analogy and to wish that unions would become more like their restrictive mediaeval counterparts. Cunningham adopted this position, which was in line with neo-mercantilists' belief in the political relevance of the distant past.<sup>129</sup> On occasion, it was claimed that the old guilds contained both employers and workmen, and suggested that such inclusiveness should recommend itself to trade unions. The pragmatic version of this view was to uphold the analogy as a means to urge the desirability of further developing conciliation and arbitration boards.

A further variant was to accept the analogy but to claim that better candidates existed for the mantle of true inheritor of the spirit of the guilds. Toynbee evidently owed much to Brentano and acknowledged his debt.<sup>130</sup> In an address to co-operators, he contrasted those modern organisations which were 'simply aggregates of money' to the 'mediaeval guilds, living groups of men animated by common principles of religious and industrial faith'.<sup>131</sup> He proposed, however, that while trade-unions might 'seem ... to resemble mediaeval guilds', it was 'co-operative societies' which 'approach nearer to them in reality than do Trades-Unions.' This was because co-

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<sup>127</sup> Introduction by F. M. Leventhal to G. Howell, *Trade unionism old and new* (1973 reprint of 4th ed., 1907), xlv

<sup>128</sup> *Westminster Review* (1891), 85

<sup>129</sup> W. Cunningham, *Politics and Economics : an essay on the nature of the principles of political economy, together with a survey of recent legislation* (1885), 236-7

<sup>130</sup> 'Industry and democracy', *Lectures on the industrial revolution in England* (London, 1884), 178

<sup>131</sup> 'The education of co-operators', *ibid.*, 222

operative societies embodied 'large ideals', most obviously that of transforming capitalism rather than merely bargaining with it.<sup>132</sup>

It was also possible to reject the analogy utterly, as the Webbs did. They argued that modern capitalism was in no way comparable with the circumstances of the mediaeval past.<sup>133</sup> Unions were combinations of the working class viciously opposed by federations of employers, whereas guilds had been cosy clubs for small capitalist mastercraftsmen. They did, however, applaud Brentano's recognition of the role played by legal injustice in inciting the growth of coalitions of the weak. The consequences of the Taff Vale judgement seemed merely to confirm Brentano's argument.<sup>134</sup> Straight rejection of the analogy was, however, distinctly uncommon in the period. Ashley for instance did not dismiss the comparison, but argued that it was of little contemporary import. The likeness of trade unions to mediaeval guilds did not impress him as much as the similarities with the journeymen's clubs of the seventeenth and eighteenth centuries. The point was, however, 'of so little importance in reference to the problems of this century that one is almost afraid to call attention to it.'<sup>135</sup> Nonetheless, he did posit that 'the habit of acting together in common ways, which we find to characterise the journeymen of the eighteenth century, had been formed in a much earlier period.'<sup>136</sup> Partial acceptance of the *analogy* together with a rejection of its modern-day significance became an increasingly prevalent opinion.

The issue is further complicated by the common conflation of the argument that guilds and unions were analogous, with the view that the latter were lineal descendants of the former. It was Howell rather than Brentano who came closest to suggesting a literal continuity between guilds and unions. John Burnett, the future labour correspondent of the Board of Trade, was responding to Howell's position when he stated that 'the Trade Union of to-day is often spoken of as the lineal descendant of the ancient craft guilds. There is, however, no direct or indirect connection between the ancient & modern forms of trade combination.'<sup>137</sup> Burnett declared the two had nothing in common and appeared simply to reject the analogy

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<sup>132</sup> *ibid.*, 223

<sup>133</sup> B & S. Webb, *History of trade unionism*, 17

<sup>134</sup> S. & B. Webb, *Industrial democracy*, I, 247-8

<sup>135</sup> W. Ashley, *Surveys : historic and economic*, 259

<sup>136</sup> *ibid.*

<sup>137</sup> J. Burnett, 'Trade unions as a means of improving the conditions of labour' in J. Oliphant ed., *The claims of labour* (Edinburgh, 1886), 7-8



for the same reason as the Webbs. He proceeded, however, to recommend the development of conciliation boards, where ‘in the spirit of the old guilds decisions [were] arrived at and acted upon ... for the good of the trade at large’. He suggested that ‘the cultivation and development of the modern guild on these lines should be a task reciprocally undertaken by unions of masters and of men.’<sup>138</sup>

The comparison between unions and guilds was clearly used in a number of distinct and often incompatible ways. Support for compulsory arbitration was rare in Britain, and forthright advocacy of wage regulation by the State confined to the most conservative of historical economists. A widespread preference for collective bargaining and attachment to free trade limited the scope for pursuing the analogy. It was often, however, argued that strict *laissez faire* was an outmoded approach and that a greater role was required for the state, as the expression of the moral sense of the community. This fostered the belief that the analogy revealed the potential of unions and disclosed the lessons that might be learnt from the past. The growth of ever larger combinations amongst both men and masters and the emergence of a more insurgent and politically committed trade unionism eventually served to render the analogy a mere curiosity. This development was not, however, apparent before the end of the nineteenth century.

#### IV

The collapse of the wage fund theory left economists without a developed account of aggregate wages.<sup>139</sup> Discussion of trade unions had tended to evolve within the framework of the wages fund. The growth of combination and the resurgence of high wage theories heightened the need for a more powerful explanation of the impact of trade unions upon the economy. Technical innovation after 1870 concentrated upon the extension of marginalist principles. The emergence of the marginal productivity theory of distribution provided a powerful analysis of demand, but it was not accompanied by a comparable account of supply. Marshall recognised this limitation in a letter to J. B. Clark in which he observed that ‘the von Thunen’

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<sup>138</sup> *ibid.*, 36

<sup>139</sup> On the collapse itself, see J. Vint, *Capital and wages : a Lakatosian history of the wage fund doctrine* (Aldershot, 1994)

doctrine covers only a very small part of the real difficulties of the wage problem.<sup>140</sup> The new economics was further handicapped in its capacity to deal with trade unions by its dependence on the twin assumptions of perfect competition and stasis. Empirical research on wage rates suggested that custom exercised greater sway than had been allowed. The growth of combination amongst workmen and employers encouraged efforts to analyse collective bargaining through the idea of bilateral monopoly and so revealed the indeterminacy of the wage bargain.<sup>141</sup> Some economists, like Jevons, argued that economics could shed no light whatsoever on short-term movements in wages.<sup>142</sup> This was, however, a greater concession than perhaps he realised and not one often made by others. A dynamic account of the impact of trade unions could not simply be deduced from existing theoretical assumptions. In consequence, attempts to understand the implications of trade unionism were unusually reliant upon historical claims about the development of the institution.

It is noticeable that when late nineteenth century economists turned to trade unions they began their treatment with a passage of historical analysis. Such excursions frequently owed much to Brentano. The approach of W. S. Jevons could not have been more distant from that of Brentano. Their critiques of the wage fund theory did share the claim that wages were paid not out of a fixed fund, or the pocket of the employer, but rather by consumers.<sup>143</sup> They differed, however, over the capacity of unions to achieve permanent increases in wages. Jevons was most forthcoming about trade unions in the *The state in relation to labour*. He noted there that 'Brentano's own views on industrial legislation should be read *cum grano*, but his history is excellent.'<sup>144</sup> It is striking, however, that Jevons's own view of the role of combinations resembles Brentano more than might be assumed. Jevons suggested that the state was almost 'the least of the powers which govern us' for 'law is but the consecration of custom and public opinion.' He observed that 'industrial society is, and always has been, more or less honeycombed with cliques and corners and cabals'. This was hardly surprising since 'trade societies or guilds are among the oldest

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<sup>140</sup> Letter to Clark of 2nd July 1900, A. C. Pigou ed., *Memorials of Alfred Marshall* (London, 1925), 413

<sup>141</sup> F. Y. Edgeworth, *Mathematical psychics* (1881), 44-5 and W. S. Jevons, *The state in relation to labour* (1882), 153-5.

<sup>142</sup> Jevons, *States in relation to labour*, 153-5

<sup>143</sup> L. Brentano, *The relation of labor to the law of to-day*, 212-3 & W. Jevons, *The state in relation to labour*, 96

institutions of which we have historical information.’<sup>145</sup> Jevons’s source was Brentano, and the citation was not purely decorative. Jevons accepted the ubiquity of combination through time and across classes. He was also sympathetic to conciliation.

The orthodox economist with whom Brentano had most contact was, however, Alfred Marshall. The two corresponded and Brentano helped oversee the publication of the *Principles* in German. He also wrote the introduction. The distance between them theoretically was of course considerable. Marshall was generally polite about Brentano in public, but the mask slipped occasionally in private. Marshall wrote to J. N. Keynes in 1889 to assure that him that he would ‘send you soon Brentano’s latest attack on the ‘orthodox school’. He has you know great vogue : so his illogicalisms are noteworthy.’<sup>146</sup> In 1896, Brentano was visiting England. Marshall entertained him for ‘a few hours’ during which Brentano ‘told an amusing story of the Bavarian Agrarian Party.’ Despite the amusing story, Marshall was moved to write to Keynes and inform him that ‘Brentano says he has 400 pupils ... He is obviously a great success, & also, between ourselves a great Jabberwock.’<sup>147</sup> The two did collaborate to some extent over the campaign against Tariff Reform, though Marshall was not comfortable with all of the Brentano’s arguments. Their intellectual relationship was, however, more complex than the somewhat dismissive tone of Marshall’s letters would suggest.

In 1879, Alfred and Mary Marshall published the *Economics of Industry*.<sup>148</sup> The book was well-received, even earning a favourable review from the pugnacious Thorold Rogers.<sup>149</sup> Alfred Marshall came, however, to dislike the book greatly. He regretted the attempt at popular exposition. He felt that it was premature and led to involvement in needless controversy. Before he withdrew it, the book sold 15 000 copies.<sup>150</sup> Mary began the work, which was finished by Alfred, who wrote the bulk of the text. J. M. Keynes describes the chapter on trade unions as ‘the first satisfactory treatment on modern lines of these important topics.’<sup>151</sup> Alfred Marshall noted in a

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<sup>144</sup>W. Jevons, *The state in relation to labour*, 90

<sup>145</sup>*ibid.*, 30-1

<sup>146</sup>Letter To J. N. Keynes, 23 July 1889, J. K. Whitaker ed., *The correspondence of Alfred Marshall*, I, 293

<sup>147</sup>Letter to J. N. Keynes, John K. Whitaker, *The correspondence of Alfred Marshall*, II, 167

<sup>148</sup>A. & M. P. Marshall, *Economics of Industry* (London, 1879)

<sup>149</sup>Reprinted in P. Groenwegen, *Alfred Marshall : critical responses* (London, 1998), 113-17

<sup>150</sup>J. M. Keynes, *Essays in biography* (London, 1951), 178

<sup>151</sup>*ibid.*

letter to his 'beloved Fox' in 1878 that 'my wife has been reading & comparing Howell & Brentano with great care. She thinks Brentano is incomparably superior to the first chapters of Howell.'<sup>152</sup> It was Brentano upon whom the Marshalls drew in the many historical comments upon trade unions.

The Marshalls followed Brentano closely. They described how the 'struggle between the handicraftsmen and the leading merchants continued for several generations : but ... in one town after another the Craft-gilds, leaguings together, overthrew the Town-gild and obtained mastery of the town.'<sup>153</sup> The craft-gilds 'did good in very many ways' but came to hinder 'the free circulation of capital and labour.' As in Brentano's account, the increase in the complexity of trade meant that 'more capital was required for production' and 'the craftsmen became a small master...'. The 'social separation between masters and men went on steadily but somewhat slowly until the latter part of the last century, when a great impulse was given to it by a series of the most important inventions the world has known.'<sup>154</sup> It was perhaps a more gradualist story, but its resemblance to Brentano's narrative was unmistakable.

The analogy between gilds and trade unions was explicit in the Marshall's work. They declared that 'trade unions are modern representatives of a series of movements that have exercised great influence over the growth of the people of England, and indeed of all other countries of Western Europe.'<sup>155</sup> The role of combination was crucial for 'the highest forms of civilization have existed only where the people have had the energy, the patience, and the strength of will that are required for a resolute and enduring self-government.'<sup>156</sup> The history of the gilds was repeated in that of their latter-day incarnations. For 'the trades-unions have grown very much on the lines laid down by the old gilds.' The Marshalls developed the comparison, noting that<sup>157</sup>

The good and evil of the gilds, their individual self-sacrifice and their class selfishness, are reproduced in modern unions. And even in matters of detail there is

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<sup>152</sup>See f 92

<sup>153</sup>A. & M. P. Marshall, *Economics of Industry*, 187

<sup>154</sup>*ibid.*, 187-8

<sup>155</sup>*ibid.*, 187

<sup>156</sup>*ibid.*, 46

<sup>157</sup>*ibid.*, 189

scarcely a single regulation of the unions for which a parallel cannot be found in the history of guilds.

In Marshall's later book, also called the *Economics of Industry*, he referred to the 'brilliant though chequered career' of the trade unions 'which has been more full of interest and instruction than almost anything else in English history...'<sup>158</sup> He remained a devotee of the craft-unionism of the 1860s that had been the subject of Brentano's exhaustive praise. In 1879, the Marshalls asked 'how it is that unions have so strong a hold on the best workmen.' Primarily because, 'as in the days of some of the old guilds, men delight in the notion of self-help and self-defence by union.'<sup>159</sup> The educative value for the working classes of collective-self help was an enduring theme of Alfred Marshall's writings.

The Marshalls replaced the idea of the wages fund with the wages-and-profits fund which was comprised of the net annual income of the country, minus rent and taxes. Alfred's later preference for the language of the *stream* rather than the *fund* was not yet evident, but the underlying assumption was similar.<sup>160</sup> This meant that 'if ... the labourers enter into local trade combinations, and refuse to sell their labour except at a reserve price, it is quite possible that they may increase their share of the Wages-and-profits Fund.' The question was 'to what extent can they do this?' It was not inevitable that a rise in wages obtained at the expense of profits would be self-destructive. Firstly, there was the unlikely possibility that the labourers would save 'as large a part of their income as capitalists and employers do'. Secondly, and more promisingly, 'we have seen that an increase in Time-wages, if it leads to such an increase in efficiency that Task-wages are no higher than before, will not lower profits, but raise them'. The reason for this was that 'a rise in wages almost always leads to an increase of Personal Capital ; and the increase of the Wages-and-Profits Fund depends on the Personal as much as on the Material capital of the country.'<sup>161</sup> The last was a crucial point which incorporated the Marshalls' sympathy for high wage theories. Alfred was impressed by the capacity of the craft unions to encourage thrift, foresight and organisational skills amongst workmen. Unions were able to augment the *intelligence* of the worker and to teach respect for the gifts of the

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<sup>158</sup> A. Marshall, *Economics of Industry* (1892), 15

<sup>159</sup> A. & M. P. Marshall, *Economics of Industry*, 192-3

<sup>160</sup> A. Marshall, *Economics of Industry*, 235

employer.<sup>162</sup> Marshall attributed to unions an educational influence which enabled them to improve human capital. It was this that afforded the possibility of sustained improvements in wages. The claim that enhanced intelligence increased productivity could be used to defend ever higher levels of remuneration. This was not true of claims that better pay led to improved nutrition. This view of the function of trade unions was closely related to the vision of their growth and meaning, for which Marshall was greatly indebted to Brentano.

There was more history concerning trade unions in the *Economics of industry* than in anything Alfred Marshall subsequently wrote. Marshall became increasingly disenchanted by the spectre of the new unionism and the engineers lock-out of 1897. He saw the latter as a foolish attempt to retard technical innovation that could only damage the competitiveness of British industry.<sup>163</sup> In his dispute with Cunningham over the historical portions of the *Principles*, Marshall revealed an awareness of Gross's work which the *Principles* belied.<sup>164</sup> Marshall learnt from Brentano, but they also shared positions which were not the result of mutual influence. Brentano noted the importance of 'public opinion' in determining the result of industrial disputes. The idea was developed by his pupil Schulze-Gaevernitz in his study of *Social Peace*. It was encapsulated in Marshall's comment in the *Economics of Industry* (1892) that 'Public opinion, based on sound economics and just morality, will, it may be hoped, become ever more and more the arbiter of the conditions of industry'.<sup>165</sup> The role of 'public opinion' as the regulator of industrial affairs received further enunciation in his lecture on 'Some aspects of competition'.<sup>166</sup> An emphasis upon the moral suasion of public opinion was common in the economic discourse of the period and should not be attributed to the influence of Brentano or the peculiarity of Marshall. It was apparent, for example, in the work of Langford Price.

Price was a pupil of Marshall's who had a particular interest in labour economics. His work focused especially on the use of conciliation and arbitration to achieve economic harmony. This was the theme of his first book on *Industrial Peace*

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<sup>161</sup> A. & M. P. Marshall, *Economics of Industry*, 200-2

<sup>162</sup> A. Marshall, 'Some aspects of competition', in Pigou ed., *Memorials*, 285-6

<sup>163</sup> Letter to Caird, December 5th 1897, Pigou ed., *Memorials*, 398-400 in which Marshall also calls trade unions 'a greater glory to England than her wealth'.

<sup>164</sup> A. Marshall, 'A reply', *Economic Journal*, II, (1892), 517

<sup>165</sup> A. Marshall, *Economics of Industry*, 403. Marshall here noted the dangerous possibility that unions and masters would combine to defraud the public, in the manner of the old guilds, 385-7

<sup>166</sup> A. Marshall, 'Some aspects of competition', Pigou ed., *Memorials*, 256-92. Here Marshall views the power of 'public opinion' as the best defence against any protectionist alliance of capital and labour.

for which Marshall wrote the introduction.<sup>167</sup> Price accepted the view that collective bargaining under conditions of bilateral monopoly was indeterminate and offered an unusually elaborate account of the factors which determined its outcome. He was deeply preoccupied with the moralising influence of ‘public opinion.’ As was mentioned above, Price wrote an entry on ‘Apprenticeship’ for the first edition of Palgrave’s dictionary, which closely followed Brentano’s line. His faith in conciliation and his view of the beneficial effects of combination was confirmed by the historical narrative he imbibed from Brentano.

This section has sought to establish the impact of Brentano’s history upon the attempts of the dominant Marshallian school to come to grips with the operation of trade unions. This was one of the challenges which Marshall continually deferred to the second volume of the *Principles*. Marshall and Brentano never engaged in direct debate about economic history. They did, however, over the history of classical political economy.

## V

Brentano’s views about the methodology of economics were well-known in Britain. They were not, however, much discussed. The historicist assault on classical economics was identified with the work of Cliff Leslie, Thorold Rogers and Cunningham. Where German writers were explicitly discussed, they were likely to be Schmoller, Roscher or Lizst rather than Brentano. It was not for his methodological pronouncements that Brentano was best known or most respected. His friendship with Marshall and Marshall’s own distaste for controversy ensured that no exchange between them occurred. More vigilant defenders of orthodoxy like Cairnes were not inclined to reply to Brentano when there was Cliff Leslie to attack, or, from a rather different direction, Jevons, to repel. Much debate took the form of exegesis of past economists. Cliff Leslie and Lowe offered radically different visions of Adam Smith. An inductive Smith was sometimes used as a stick with which to beat the baleful abstraction of Ricardo. Ricardo’s own views became the subject of lively dispute. Debating Ricardo’s meaning was a means of contesting the classical inheritance and also a matter of some topical relevance.

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<sup>167</sup>L. L. F. Price, *Industrial peace* (Oxford, 1888)

It was Ricardo who was taken by historical economists in England to be the chief exponent of the *a priori*, deductive method. His doctrines about rent and wages had special status as perfect examples of a universalist economics which entirely neglected variation across space and time. The work of Maine had special significance for its demonstration of the role of custom in the determination of rent.<sup>168</sup> It was sometimes suggested that Ricardo's account of rent had never agreed with the facts. The iron law of wages tended rather to be seen as an unfortunate generalisation from the circumstances of the first part of the nineteenth century. This was Brentano's view. He argued that the emergence of trade unionism and the resultant productivity gains from higher wages had proven the worthlessness of the iron law of wages.<sup>169</sup> Brentano, however, did take from Ricardo an emphasis on the importance of the standard of living. He argued that Ricardo has regarded the standard of living as identical with the wages of subsistence. This neglected the customary nature of the standard of living, and the impact of material progress. Economic development instilled new desires in the workers and so raised their standard of living, which in turn improved productivity, so producing a virtuous circle.<sup>170</sup> The progress of the working class demonstrated the vacuousness of the iron law.

Ricardo's teachings also had a political relevance. Brentano, and other historically inclined critics like Toynbee, linked socialist doctrines about the horrors of capitalism to the iron law of wages. It was Ricardo, Brentano claimed, who provided the basis for Marx and Lassalle. The purpose of refuting Ricardo was thus to refute the socialists. This project implied disagreement with Marshall. Marshall was concerned in writing the *Principles* to bring controversy to an end and establish economics as science. He endeavoured to subsume the historical approach in a new theoretical orthodoxy based upon marginalism. It was important for him to exhibit the gradual growth of economic science and to demonstrate that the classical economists did not hold the more extreme views frequently attributed to them. Ricardo was a crucial test case. The Ricardian doctrine of rent provided a principle whose extension was at the heart of neo-classical economics.<sup>171</sup> Ricardo's theory of wages also required a defence. Marshall was deeply concerned to show that the socialists had misread Ricardo. It was important to demonstrate that the dismal

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<sup>168</sup>His influence was apparent in and acknowledged by Cliff Leslie and Brentano.

<sup>169</sup>L. Brentano, *Hours and wages in relation to production*

<sup>170</sup>L. Brentano, 'The "last word" on political economy', 347



science had never been as fatalistic about the working classes as was popularly thought.

Brentano argued in his inaugural lecture at Vienna and in his study of *Hours and wages in relation to production* that the classical economists had really held to the iron law of wages. He offered as a reason for this their habit of speaking of the minimum wage as depending on the price of corn. In a footnote in the *Principles*, the career of which we shall follow, Marshall argued that ‘the term ‘corn’ as used by them, was short for agricultural food products of all kinds.’<sup>172</sup> Ashley leapt on this statement in his attack on ‘The rehabilitation of Ricardo’. He insisted that ‘to argue that the rate of wages depended on the price of provisions surely implied that on the whole wages but barely covered the necessary cost of subsistence.’<sup>173</sup> This produced a modification in the relevant passage in the *Principles* from the third edition. Marshall admitted that ‘of course, Ricardo took a less hopeful view of the prospects of the working classes than we do now.’ Marshall paraphrased Ashley’s articles, but instead of acknowledging his argument that Ricardo *had* cleaved to an iron law of wages, he extracted the lesson that ‘even Lassalle does not attribute absolute rigidity to his brazen law.’<sup>174</sup>

What was going on in this battle of the footnotes? Much of Ashley’s criticism of Marshall consisted of close reading of textual variants. There was, however, a larger difference involved, one which separated Marshall from Brentano and Ashley. Marshall urged in his statement of ‘Ricardo’s theory of value’ that ‘if ... we seek to understand him rightly, we must interpret him generously...’. He understood generosity to require that ‘when his words are ambiguous, we must give them that interpretation which other passages in his writings indicate that he would have wished us to give them’. Conducted ‘with the desire to ascertain what he really meant’, this exercise revealed that ‘his doctrines, though very far from complete, are free from many of the errors that are commonly attributed to them’.<sup>175</sup> There is an intriguing sense here of Ricardo writing not for, or in, his own time, but for posterity. Marshall’s formulation too nearly approached a presentism that sought to locate as much of contemporary economic theory as possible in the writings of Ricardo.

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<sup>171</sup> A. Marshall, ‘A reply’, 512

<sup>172</sup> A. Marshall, *Principles of Economics* (1890), f1, 553

<sup>173</sup> W. Ashley, ‘The rehabilitation of Ricardo’, 487

<sup>174</sup> A. Marshall, *Principles* (4th ed., 1898), f1, 554

<sup>175</sup> A. Marshall, *Principles* (8th ed., 1920), 813

Ashley said of this method that ‘we may thus learn not only what he succeeded in saying, but what he tried to say’. He distinguished this project from an interest in ‘the growth of economic doctrines’. This involved attention to ‘how he was understood by his contemporaries’.<sup>176</sup>

Marshall did tend to regard contemporary views of Ricardo as mere delusion. Ashley and Brentano both thought the views of Ricardo’s own time a valuable guide to his meaning and an object of study in themselves. Ashley noted that ‘our ‘generosity’ may find in him charming anticipations of our own ideas’.<sup>177</sup> This was a charge of real substance against Marshall. Ashley especially possessed a greater sense of what was utterable in the past and a superior capacity to place thinkers in the appropriate intellectual context. The relativism of historical economics could easily become a form of naive empiricism bereft of theoretical content. It was, however, more suggestive as an approach to the history of economic thought.

## VI

The reception of Brentano’s work in Britain was a complex phenomenon of which it has only been possible to recover some aspects. It demonstrates the popular reach of economic history in the period and its inertia in the face of academic developments. Economic history was both an intensely antiquarian and a deeply political undertaking. As a case-study in the reception of historical economics in Britain, the reaction to Brentano seems to show that what was received was more economic history than historical economics. It would be wrong, though, to regard this as therefore meaning that it had no influence upon economic theory. This may have been the period in which the divorce between economic theory and history occurred, but the two remained on speaking terms. Economic history could exert a genuine influence upon economic theory. The reception of Brentano’s thought suggests that some empirical work, such as that on wage rates, could shape theoretical positions, in this case over trade unions. The most striking aspect of the reception, however, is the widespread interest it reveals in economic history as economic history. This is a dimension of the Victorian obsession with the past which deserves more attention for the light it sheds on the intellectual and political preoccupations of the period.

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<sup>176</sup>W. Ashley, ‘The rehabilitation of Ricardo’, 489

<sup>177</sup>ibid.



